

JFSA's Strategy for Consumer Protection

Kiyotaka Sasaki

Vice Commissioner for Policy Coordination
Financial Services Agency, Japan

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JFSA's mission

To contribute to national welfare by securing sustainable growth of national economy and wealth through achieving the three set of goals:

- ✓ **Financial stability and effective financial intermediation**
- ✓ **Consumer protection and consumer benefit**
- ✓ **Market integrity and market vigor**

JFSA's strategy/action for financial consumer protection

- ✓ **Fiduciary duties**
“Principles for Customer-Oriented Business Conduct” (March 2017)
469 financial service providers have adopted the Principles
- ✓ **Fintech (including Crypt currencies)**
 - Balance between promotion of financial innovation and consumer protection
 - New legislation for crypt currencies (April 2017): registration requirement and oversight of broker dealers
- ✓ **Conduct risk/culture**
Discussion Paper will be issued to promote dialogue with financial institutions
- ✓ **Enhanced analysis of claims from consumers**
Horizontal analysis and identification of potential risks for consumers
- ✓ **Cooperation with other Authorities**
ex. Consumer Affairs Agency, National Police Agency, overseas agencies

JFSA's reform (1): Supervisory approaches

- ✓ **More forward looking and preemptive**
- ✓ **More holistic; focus on business models (products) , governance and their changes (1st line), in addition to 2nd and 3rd line of defense,**
- ✓ **More in-depth; root cause analysis (incentives, culture, tone-at the top...)**

JFSA's reform (2): Organization, HR and IT

✓ **Organization Structure**

- Enhanced strategy development across financial services; early identification of issues/risks, timely measures and actions
- Integration of off-site monitoring & on-site inspection for regulated entities

✓ **Upgraded professional expertise**

Subject matter expertise for industry / system-wide and horizontal issues and risks

✓ **RegTech in line with FinTech**

Upgrading FSA's IT for oversight of financial services (digital forensic, data analytics, AI)

Thank you !